

BMWED Legislative Issues - 113 Congress

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Sequestration

Budget sequestration is a procedure in United States law that limits the size of the federal budget. Sequestration involves setting a hard cap on the amount of government spending within broadly defined categories; if Congress enacts annual appropriations legislation that exceeds these caps, an across-the-board spending cut is automatically imposed on these categories, affecting all departments and programs by an equal percentage. The amount exceeding the budget limit is held back by the Treasury and not transferred to the agencies specified in the appropriation bills. The word sequestration was derived from a legal term referring to the seizing of property by an agent of the court, to prevent destruction or harm, while any dispute over said property is resolved in court.

The term "budget sequestration" was first used to describe a section of Gramm-Rudman-Hollings Deficit Reduction Act of 1985 (GRHDRA). The hard caps were abandoned and replaced with a PAYGO system by the Budget Enforcement Act of 1990, which was in effect until 2002. Sequestration was later included as part of the Budget Control Act of 2011, which resolved the debt-ceiling crisis. The bill set up a Congressional debt-reduction committee and included the sequestration as a disincentive to be activated only if Congress did not pass deficit reduction legislation. However, the committee did not come to agreement on any plan, activating the sequestration plan. The sequestration was to come into force on January 1, 2013 and was considered part of the fiscal cliff, but the American Taxpayer Relief Act of 2012 delayed it until March 1 of that year.

Question: Does sequestration affect my railroad retirement?

Answer: No. Railroad retirement, both Tier 1 and Tier 2, is expressly exempt from the budget control act or sequestration. The Railroad Retirement Act is a stand-alone act that is self-funded with employer-employee contributions and is considered a private pension for purposes of federal budget control legislation or sequestration.

Question: Does sequestration affect my railroad unemployment or short-term sick benefits?

Answer: Yes. The Railroad Unemployment Insurance Act, RUIA, was an offshoot of the Social Security Act or Unemployment Insurance Act.

RUIA was implemented because railroad employees worked in numerous states and needed a uniform unemployment benefit. The Railroad Unemployment Insurance Act is a stand-alone federal law and is not a part of the Railway Labor Act or Railroad Retirement Act.

Financing of RUIA-Federal taxes are assessed and paid by railroad employers and finance our railroad unemployment/sickness benefits program. Railroad employees are not taxed and do not contribute. All railroad unemployment insurance taxes are paid into the national unemployment trust fund “held” by the US Treasury. Specifically, The Railroad Retirement Board administers railroad employee benefits, but funds or taxes are deposited into an account that is part of the national unemployment insurance trust fund. Unfortunately, our unemployment and sick benefits are not exempt from sequestration.

Virginia

American passenger rail is in the midst of an undeniable resurgence. Ridership has grown over the years and is now at record levels, with over 31 million travelers annually. If the recent passing of the Virginia Intercity Passenger Rail Operation and Capital Fund is any indication of the prospected future, passenger rail is finding itself in a position to continue to thrive.

On February 23, 2013 the Virginia State Senate, on a vote of 25-15, passed historic bipartisan legislation to fund transportation. With this legislation, Virginia stands to be the first state to attach a dedicated, sustainable, long-term funding source to the advancement of intercity and high speed passenger rail systems. Virginia is poised to invest \$568 million in the passenger rail system, via Intercity Passenger Rail Operating and Capital Fund, (IPROC), and \$230 million into freight rail for a total of \$798 million across the next decade. Governor Bob McDonnell issued the following statement regarding the passage by the house and senate, “This is a historic day in Virginia. We have worked together across party lines to find common ground and pass the first sustainable long-term transportation plan

in 27 years. There is a 'Virginia Way' of cooperation and problem solving, and we saw it work again today in Richmond."

What does this legislation mean for BMWED workers? The money invested into "IPROC" will allow for the continued operation of Virginia's six Amtrak Regional services, expand miles of track construction, invest in infrastructure improvements, and allow Virginia to match any federal transportation money for the enhancement of the Commonwealth's intercity and high speed rail network. This comes as great news for our BMWED Brothers and Sisters as it simply means more work for our members. "A lot of these projects will be large in scope, miles of new track construction. The General Assembly has done their part by providing funding. We must do our part to make sure we keep our work!" said Greg Marston, State Legislative Director of Virginia.

Most Americans are tired of the politics and dysfunction of cluttering inaction that we see too often in Washington. We need to see cooperation to get results, and with this legislation, we've seen just that.

For several decades rail operations and other forms of transportation loomed as an issue that seemingly appeared to be unsolvable. The "IPROC" has shown a path forward, unobstructed by the old political posturing of the past. If we can continue to strengthen the federal-state relationship with the passenger rail system, the American rail roads will continue to evolve and jobs will continue to sustain and cultivate.

